

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 COME-00 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 IGA-02

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P 201505Z MAY 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 4905

LIMITED OFFICIAL USE LIMA 4147

E.O. 11652: N/A

TAGS: EIND, EFIN, EMIN, PFOR, BDIS, PE

SUBJECT: MARCONA - CPV DEMAND FOR \$1.3 MILLION

REF: LIMA 4076

1. EMBASSY ECONOMIC/COMMERCIAL COUNSELOR DISCUSSED MARCONA CASE WITH LOCAL REP STEVENSON ON MAY 19. STEVENSON'S MAIN REACTION TO CPV DEMANDS FOR \$1.3 MILLION "OVERPAYMENT" DESCRIBED REFTEL IS ONE OF SHOCKED SURPRISE, SINCE RELATIONS WITH CPV HAD BEEN PROCEEDING NORMALLY, AND RUIZ DE CASTILLA HAD SEEMED QUITE FRIENDLY IN RECENT DISCUSSIONS. MARCONA EVEN HAD BEEN DICKERING FOR SPOT CONTRACTS TO SHIP PELLETS TO PERUVIAN CUSTOMERS IN FAR EAST AND EUROPE, STEVENSON SAID. WITH THE CONTRACT OF AFFREIGHTMENT TERMINATED, THE ONLY MATTER UNDER DISPUTE WITH CPV WAS SOME \$8,000 IN DEMURRAGE CHARGES, BUT THAT WAS MORE OR LESS OF A ROUTINE NATURE, STEVENSON NOTED.

2. WITH RESPECT TO THE SALES CONTRACT, SOME TEN SHIPMENTS OF 50,000 TONS OF PELLETS HAD BEEN LIFTED AS OF MID-MAY, FOR A TOTAL OF 500,000 TONS IN SIX MONTHS -- RIGHT ON SCHEDULE FOR 1 MILLION TON LIFTING IN FIRST YEAR ENVISAGED BY AGREEMENT.

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LOWER LAKES PRICES HAVE BEEN STRENGTHENING, AND STEVENSON SAYS THAT ELEMENT OF COMPENSATION IS RUNNING AT LEVELS HIGHER THAN PREVIOUSLY ENVISAGED \$6 PER TON. (COMMENT: THIS IS IMPORTANT TO NOTE, SINCE INTERPRETATION OF ARTICLE I "C" OF AGREEMENT BY CPV TO LIMIT ELEMENT OF COMPENSATION TO ONE DOLLAR PER TON COULD IN WORST CASE SUGGEST THAT HIERROPERU MIGHT IN FUTURE READ ARTICLE 1 "B" OF AGREEMENT TO

LIMIT MARCONA'S COMPENSATION UNDER SALES CONTRACT TO SIX DOLLARS PER TON.)

3. STEVENSON HAS BEEN ADVISED TO TAKE NO FURTHER ACTION IN THIS MATTER UNTIL MARCONA HAS HAD OPPORTUNITY TO CONSULT WITH WASHINGTON. WE UNDERSTAND BRADFIELD IS IN CONTACT WITH DEPARTMENT (L-DAVID GANTZ?) TO DISCUSS CASE. DEAN

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Message Attributes

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